

News Release

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Program Announcement

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USDA ANNOUNCES PREVAILING WORLD MARKET PRICE AND USER MARKETING CERTIFICATE PAYMENT RATE FOR UPLAND COTTON

WASHINGTON, May 7, 1998 -- Bruce R. Weber, Acting Executive Vice President of USDA's Commodity Credit Corporation, today announced the prevailing world market prices, adjusted to U.S. quality and location (adjusted world price or AWP), for Strict Low Middling (SLM) 1-1/16 inch (leaf grade 4, micronaire 3.5-3.6 and 4.3-4.9, strength 24-25 grams per tex) upland cotton (base quality), and the coarse count adjustments (CCA) in effect from 5:00 p.m. today through 3:59 p.m. Thursday, May 14. The user marketing certificate (Step 2) payment rate in effect from 12:01 a.m. Friday, May 8 through midnight Thursday, May 14 is 7.12 cents per pound.

The Federal Agriculture Improvement and Reform Act of 1996 provides that the AWP may be further adjusted if: 1) the AWP is less than 115 percent of the current crop year loan rate for base quality upland cotton, and 2) the USNE price exceeds the NE price. This week, both conditions for this adjustment have been met, and it has been determined that this further adjustment to the AWP shall be 0.0 cents per pound.

This week's AWP and CCA are determined as follows:

Adjusted World Price

NE Price	63.69
Adjustments:	
Avg. U.S. spot market location	12.08
SLM 1-1/16 inch cotton	1.90
Avg. U.S. location	0.14
Sum of Adjustments	- 14.12
ADJUSTED WORLD PRICE	49.57 cents/lb.

This week, the needed quotations for coarse count cottons were unavailable for all five days. Thus, the coarse count adjustment is set equal to the adjustment of last week, zero.

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Because the AWP for the period is less than 51.92 cents per pound which is the base quality loan rate, the loan repayment rate during this period is equal to the AWP, adjusted for the specific quality and location. The loan repayment amount will be further adjusted by the application of a storage credit, and interest will be waived.

Because the AWP is less than the 1997-crop loan rate, cash loan deficiency payments (LDPs) will be paid to eligible producers who agree to forgo obtaining marketing assistance loans with respect to the 1997 crop. The payment rate, effective from 5:00 p.m. today through 3:59 p.m. Thursday, May 7, will be 2.35 cents per pound.

Step 2 payments are provided this week because, for four consecutive weeks, the USNE price has exceeded the NE price by more than 1.25 cents per pound and the AWP has not exceeded 130 percent of the loan rate for upland cotton. Relevant data for the Step 2 program follow:

	Fri/Thur	AWP as %			USNE	
	Period	Loan	USNE	NE	Less	Step 2
Week	Ending	Rate 1/	Price	Price	NE Price	Rate
				cents/lb
1	4/16/98	97.5	70.58	64.72	5.86	4.61
2	4/23/98	96.7	71.05	64.34	6.71	5.46
3	4/30/98	96.6	72.00	64.25	7.75	6.50
4	5/7/98	95.5	72.06	63.69	8.37	7.12

1/ The marketing year 1997 loan rate is 51.92 cents per pound.

The next announcement of the AWP, CCA and user marketing certificate payment rate will occur on Thursday, May 14 at 5 p.m.

Further program information is available from Wayne Bjorlie, (202) 720-7954, E-mail Wayne_Bjorlie@wdc.fsa.usda.gov

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